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The Challenge of Performance Management

It's year-end at Acme Progressive. Apart from wrapping up the accounting, managers and employees are going through their yearly dance of performance appraisal, as they call it.

Michael manages fourteen employees directly, so he's going to be busy meeting with each of them, filling out forms, and gulping antacid. Since the personnel department is pushing him to get his forms in on time, he has to figure out a way to get this all done as fast as possible.

And he does. He sends an appraisal form to each employee via interoffice mail. After employees complete the forms, he meets with each one for about fifteen minutes to discuss the forms, and then signs them. Voilà! Problem solved. The paperwork gets done on time, the personnel department is content, and everyone goes back to their "real work."

What's Wrong with This Picture?

The better question might be "Is there anything right with this

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picture?” Let me give you a bit more information about Acme.

Typically the forms that Michael and the other managers send on to the personnel department are put into file folders and mostly forgotten. The information on the forms is so vague and unreliable it can't be used to make even basic personnel decisions, let alone decisions about salary and promotions. Michael and his staff won't look at them again until the next year-end dance of performance appraisal. If you could hear Michael's staff talking privately about the process, you would hear comments like “What a joke!” or “This is a waste of time.”

Wait, there's more. Michael's department isn't running very well. His staff miss deadlines. They aren't sure who should be doing what, so some things “fall through the cracks,” while in other areas they step all over each other getting things done. The same mistakes are made again and again, which drives everybody nuts, but nobody seems to know why they keep happening. Mostly Michael doesn't know what's going on. All he knows is that he is busy and his staff are busy.

Here's the fundamental problem. Michael, his manager, colleagues, and pretty much everyone at Acme see what they call “performance management” as a necessary evil. They do it because they “ought to” or “have to.” They don't realize that performance management, if carried out properly, has the potential for fixing many of the problems they're facing.

So, this whole process, with the forms, the superficial meetings, and filing, is a waste. No, it's worse than a waste. Employees think Michael is a poor manager (perhaps they're right) and that affects his credibility. The organization thinks it's accomplishing something, but it's just creating more useless work for people who have better things to do. They're just doing it all wrong. Pure and simple.

Is There Hope?

Yes, there's hope. Acme has a very skilled and dedicated staff. The managers are good folks and bright—even if they need to

learn about managing performance. If they knew what performance management means, what it can be used for, and how it can address Acme's business problems, the company could be more successful—and the work climate would be better and more enjoyable for everyone.

Performance Appraisal Isn't Performance Management



Don't make the mistake of thinking that evaluating or appraising performance is the same thing as managing performance. It's not. Evaluating performance is but one part of a performance management system. If you only evaluate performance and don't do the other parts, you'll fail.

In fact there's hope for every company and every manager. Does the Acme story sound familiar to you? Have you ever done what Michael does? Have you ever had your performance "appraised" in a way that didn't really help you much and maybe even discouraged you from wanting to improve at all? Probably. Are you getting value from your performance management system? A little? A lot? Probably less than you could get.

Our goal for this book is to explore the basic question, "How can you use performance management as a meaningful tool to help people succeed?" Let's start by looking at what performance management is and what it isn't.

Performance Management: What Is It?

Performance management is an ongoing communication process, undertaken in partnership, between an employee and his or her immediate supervisor that involves establishing clear expectations and understanding about:

- the essential job functions the employee is expected to do
- how the employee's job contributes to the goals of the organization
- what "doing the job well" means in concrete terms
- how employee and supervisor will work together to sustain, improve, or build on existing employee performance

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- how job performance will be measured
- identifying barriers to performance and removing them

That gives us a starting point and we'll continue to flesh out things as we go. Note some important words here.



Managing performance is done with the employee

Performance management This is an ongoing communication process, undertaken in partnership, between an employee and his or her immediate supervisor that involves establishing clear expectations and understanding about the jobs to be done. It is a system. That is, it has a number of parts, all of which need to be included if the performance management system is going to add value to the organization, managers, and staff.

because it benefits the employee, the manager, and the organization, and is best done in a collaborative, cooperative way. Performance management is a means of preventing poor performance, and working together to improve performance. Above all, performance management means ongoing, two-way communication between the

performance manager (supervisor or manager) and staff member. It's about talking and listening. It's about both people learning and improving.

What Performance Management Isn't

It's important to know what performance management is, but we also need to know what it is not. In our tale about Acme Progressive, Michael thought that performance *appraisal* was the same as performance *management*. Most people at Acme thought performance management was about filling out and filing forms. No surprise that the process had no positive value.

To succeed at performance management, you need to be aware of some common misconceptions that can trip up even the best of managers.

Performance management isn't:

- something a manager does to an employee
- a club to force people to work better or harder

- used only in poor performance situations
- about completing forms once a year

It is an ongoing communication process between two people. That's the key point. If you remember it's about people working with people to make everyone better, you have a much greater chance of succeeding. Everyone wins.

What's the Payoff for Using Performance Management?

As you read more about performance management, you will realize that it takes time and effort—perhaps time and effort you would rather use for other things. What manager wants more work? The reality is that it does take time and effort, but the time and effort are an investment. We need to turn our attention to how that investment brings a return.

When performance management is used properly, there are clear benefits to everyone—managers, employees, and the organization. Let's take a look at those potential benefits.

For Managers

My favorite question to ask managers is, "What things about your job drive you nuts, the things that you take home at the end of the day?" Here are some of their answers:

- feeling the need to micromanage and to be involved in everything to make sure it goes right
- never having enough time in the day
- employees who are too timid to make decisions they could make on their own
- employees' lack of understanding of their jobs, particularly the whys of the jobs
- staff disagreements about who does what and who is responsible for what
- employees giving too little information to managers when information is important
- finding out about problems too late to prevent them from growing

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- poor-quality performance
- employees repeating the same mistakes

What common threads can we find in these complaints?

Let's start with micromanaging. One reason why managers feel the need to be involved in everything is they aren't confident their employees are going to do the job the way the manager wants. Wouldn't it make more sense to make sure staff understand what's needed, rather than trying to be involved in everything?

How about not having enough time? When employees don't have a clear idea of what their jobs are, how they should be done, and why, that creates more work for managers. Decisions that employees could make end up on the manager's desk. Little problems that should never involve the manager keep coming up if employees don't understand their jobs well enough to feel they can make good decisions.

What's the common thread? Lack of clarity, lack of shared understanding, and not being on the same wavelength create more work.

What about staff not giving important information to the manager when it's needed? Managers need to know about problems before they get bigger, so they can work to avoid difficulties rather than run around "fighting forest fires."



**Smart
Managing**

Identify the Payoffs for Yourself

If you're going to invest the time and effort to do performance management properly, you'll need to know how it's going to pay off. Otherwise you won't be motivated. Periodically remind yourself of why you're doing it and how it's going to save you time and trouble.

Besides, not having information can be very embarrassing when your boss asks you how something is going. What's the common thread here? Common understanding of what is important and not important.

Finally, let's turn to poor-quality performance and the repetition of mis-

takes. If we have no way of helping employees learn to be

better performers, it's more likely they're going to repeat mistakes and achieve less than they might. If we have no way of diagnosing why mistakes happen, how can we hope to prevent them? We can't—and it's a pretty sure thing that the mistakes are not going to go away on their own.

While performance management cannot solve every problem, it has the potential to address many of these common management concerns. Pay special attention to the word *potential*. If you use it properly, invest the time, and create cooperative relationships, performance management can:

- reduce your need to be involved in everything that goes on (micromanagement)
- save time by helping employees make decisions on their own by ensuring they have the necessary knowledge and understanding to make decisions properly
- reduce time-consuming misunderstandings among staff about who is responsible for what
- reduce the frequency of situations where you don't have the information you need when you need it
- reduce mistakes and errors (and their repetition) by helping you and your staff identify the causes of errors or inefficiencies

To summarize, performance management is an investment up front so that you can just let your employees do their jobs. They'll know what they're expected to do, what decisions they can make on their own, how well they have to do their jobs, and when you need to be involved. This will allow you to attend to tasks that only you can address. That saves time.

For Employees

If performance management is a process done in partnership with staff, we need to address how it benefits staff members. After all, it's hardly realistic to expect employees to participate in a partnership if there are no payoffs for them.

Just as we did for managers, let's look at some common things that drive employees nuts:

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- not knowing whether they are doing well or not
- not knowing what level of authority they have
- not getting recognition for a job well done
- not having an opportunity to develop new skills
- finding out the boss has been dissatisfied with an employee's work for a long time
- being unable to make even simple decisions by themselves
- being micromanaged
- not having the resources they need to do their jobs

Performance management can address these concerns. It can provide scheduled forums for discussion of work progress, so employees receive the feedback they need to help assess their accomplishments and to know where they stand. That regular communication ensures there are no surprises at the end of the year. Since performance management helps employees understand what they should be doing and why, it gives them a degree of empowerment—the ability to make day-to-day decisions. Finally, a critical part of the performance management process is figuring out how to improve performance, even if there is no current performance problem. This provides an opportunity to help employees develop new skills and is more likely to identify barriers to better performance, such as inadequate resources.

In summary, employees benefit from better understanding



Explaining the Point to Your Staff

Just like managers, staff need to understand the point of performance management and, more specifically, how it's going to benefit them. If they don't understand that, they're unlikely to enter into partnership to make it work. Explain the process and how it will benefit the employees. Ask them how it can be made better so it helps them even more.

their jobs and their job responsibilities. If they know their limits, they can act more freely within those parameters.

For the Organization

Organizations work more effectively when the goals and objectives of the organization, those of the smaller work units, and the job responsibilities of

Protection from False Allegations

John was an account executive with a public relations firm. While initially John was moderately successful, his sales had declined during the past year. After the first quarter of lower sales, his boss, Dave, met with John, went over the figures, and worked with him to identify possible causes and work out some ideas for improvement. Dave kept records of the meeting and the sales figures.

Unfortunately, despite the meeting and subsequent attempts to resolve the issue, John's sales continued to drop. After trying everything to remedy the situation, Dave decided to let John go. Although John couldn't deny the drop in sales, he felt that his termination was not due to poor performance, but because he belonged to a minority. He threatened to file a complaint with the appropriate government agency.

The parties and their attorneys met and the company provided the detailed documentation of performance problems and Dave's efforts to work with John to solve them. After the meeting, John's attorney advised him that no court would rule in his favor and the complaint was dropped. The evidence compiled through proper performance management prevented a costly legal battle that could have damaged the company's reputation in the eyes of its customers.



each employee are all linked. When people in the organization understand how their work contributes to the success of the company, morale and productivity usually improve. A company can have all of its parts aimed at the same bull's-eye. Performance management is the key to making these links clear to everyone.

There's another reason why performance management is important. It's a legal reason—and a serious one.

Municipalities, states or provinces, and federal governments have established laws, regulations, and guidelines that apply to what companies can do regarding termination of employment, hiring practices, and discrimination. While laws differ according to jurisdictions, you can count on one thing: there are rules that apply to you. What does that mean to you and your company?

If you have to fire an employee for poor performance, he

or she may have legal recourse to challenge that action. The employee could claim the firing was based on some form of discrimination (gender, age, ethnic background) and/or that no warning was given so there was no chance to improve. If a labor grievance is filed or other legal proceedings occur, the company will be expected to provide evidence that the firing was for poor performance. The evidence required to defend the company must be as objective and specific as possible. (In a later chapter we'll map out exactly what that means.)

A properly constructed performance management system includes documenting performance problems in a timely way, tracking how those problems are communicated to the employee, and recording all positive steps taken to remedy the situation. Not only are those records critical in a formal hearing, but the existence of proper records discourages employees from taking frivolous or nuisance-type actions.

Manager's Checklist for Chapter 1

- ☐ Performance management is an ongoing communication between the manager and each employee to clarify job responsibilities and improve performance continuously.
- ☐ All parties in a partnership need to know why they are partnering. If you understand the advantages of performance management, you can explain to staff how it will benefit them so they can buy into it.
- ☐ Don't confuse performance management with performance appraisal. Appraisal is only one part of a performance management system. Managing performance requires that you use all of the components to succeed.